

Functional Requirements – Policy and Law– General Ledger					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
High	4.01	Record financial events consistently, accurately and timely to ensure accountability and that the results of operations and financial position are fairly stated in compliance with professional and other regulatory standards.	4.01.01	Enhancement	Policy to expand the standard data and formats for recording financial events, and to require simultaneous, real time posting of transactions to the general ledger, subsidiary ledgers and agency line-of-business systems.
High	1.01	Provide chart of accounts definitions and standards to enable agency and statewide data collection and financial analysis.	1.01.01	Enhancement	Policy to enhance, standardize and require use of data elements in chart of accounts at the statewide level based on strategic evaluation of the state's and agencies line-of-business financial information objectives. (e.g. CAFR, POG, GMAP)
High	7.01	Provide visibility and accountability in the use of public resources.	7.01.01	Enhancement	Enhance policy that establishes standards for quality, quantity, timeliness and comparability of historical and prospective financial information that is made routinely available to the public and other stakeholders, as appropriate. ^{1 2}
High	5.01	Ensure subsidiary accounts and agency line of business systems are in balance with the general ledger.	5.01.07	Current	Policy that requires recording of financial events in accordance with professional standards for internal controls.
Medium	17.01	Support financial data interchange with private and public business partners	17.01.01	Enhancement	Policy to authorize exchange of transactional information with public and private business partners in order to do business efficiently as appropriate
Medium	21.01	Monitor and assess financial condition and activity at various agency and statewide levels.	21.01.01	Current/Enhancement	May require enterprise policies on more frequent reporting (See 7.01)
Medium	11.03	Adjust budget availability to reflect change in actual revenues received.	11.03.01	Current	Law and policy that allows for some defined level of adjustments to appropriations based on actual revenue received, if within legislative intent.
			11.03.02	Current	Policy and/or law to require an efficient process for adjusting agency spending plans to reflect higher or lower revenues than expected

Functional Requirements – Policy and Law– General Ledger					
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Priority	#	Description	#	New, Enhancement, Current	Description
Medium	8.01	Maintain fund and reserve balances according to business plan.	8.01.01	Current	Policy that promotes effective long range planning for funds

Functional Requirements – Policy and Law – Cost Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
Medium	24.01	Build a standardized framework for cost accounting.	24.01.01		Policy that establishes a standard statewide approach to determining the full costs of government programs, products and/or services.
Low	24.02	Build a standardized framework for cost allocation that maximizes external funding.	24.02.01		Provide policy/law to require the ability to maximize direct and indirect allocations to each funding source to the extent allowed by applicable rules, regulations and state policy. ³
			24.02.02		Provide policy/law to require the ability to demonstrate compliance with federal cost allocation regulations.
Low	27.01	Compare costs per unit across agencies for common activities and functions.	27.01.01		Provide policy/law to require the ability to compare costs per unit across agencies for similar activities and functions.

Functional Requirements – Policy and Laws – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
High	42.01	Verify authorization and acceptance of goods and services prior to payment	42.01.01	New	Policy and law that allows a risk-based approach to authorization of account payable disbursements. Law that requires certain approval process might need to be changed; rapid approval process;
High	45.01	Make timely, accurate, efficient, and cost effective payments of obligations to vendors	45.01.02	New	Policy that requires agency use of the enterprise accounts payable system for payment of accounts payable (concern about integration of line-of-business systems that make payments)
			45.01.09	New	Policy that establishes a shared service center for accounts payable management, maintenance of vendor identification records and management of risk based approval business rule for orders, receiving and accounts payable. ⁴
High	33.01	Maintain current and accurate information about the state's vendors and providers	33.01.01	Enhanced	Policy to define common vendor (all payees?) identification data and its use in agency and statewide systems. (protection of sensitive information) ^{5, 6}
High	38.01	Capture timely, accurate, and complete information on what the state buys, from whom and what contract was used, if any	38.01.01		Policy that requires agency purchase orders to be processed through the enterprise system.
High	37.01	Establish the appropriate level of authentication/trust needed for vendors to submit invoices and register to accept payments electronically.	37.01.01	Enhancement	Establish consistent laws that govern and promote electronic commerce between the state and its payees, in accordance with Washington State law and policy.
High	41.01	Electronically document goods and services received. Use risk based business rules for documentation in accordance with standardized policies and procedures.	41.01.01	Enhancement to rapid invoice	Provide policy to allow risk based acceptance, tracking and recording of goods and services

Functional Requirements – Policy and Laws – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
Medium	35.02	Remit payments electronically	35.02.01	Enhancement	Policy that encourages electronic payment to payees except in instances where it is clearly not cost effective (or other lawful exceptions) to pay electronically
Medium	35.01	Receive invoices and progress billings electronically	35.01.01	Enhancement	Policy that promotes electronic commerce with the state's payees and provides standards for submission
Low	34.01	Register businesses who wish to do business with Washington State in person or through a business portal.	34.01.01	Enhancement (SAAM 50.10.40)	Policy that requires a Taxpayer Identification Number and certification from the payee as a condition for doing business with Washington
Low	46.02	Report consolidated federal 1099's statewide.	46.02.01	New	Policy that establishes a single enterprise TIN for all payments ⁷

Functional Requirements – Policy and Laws– Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
High	61.01	Protect the privacy of sensitive customer data	6.01.01	Enhancement	Ensure consistency in policies to define sensitive customer data and measures required to protect it including outsourced data and functions.
High	60.02	Manage billings, accounts receivable and expected revenues.	60.02.05	New	Policy that provides guidelines for how to apply partial receipts or receipts on customer account where the customer does not specify what the payment is for
			60.02.13		Policy that centralizes responsibility for customer identification management, cashiering, revenue distribution, accounts receivable, and past due account collection activities within revenue centers of expertise, managed by the state's large revenue agencies. (See endnote 4)
High	67.01	Distribute revenues to the appropriate jurisdictions, organizations, and funds according to governing statute and/or agency policy	67.01.03		Policy that establishes an enterprise framework for revenue distribution processes across agencies. (See endnote 4)
High	72.01	Safeguard and properly record all monies received	72.01.01,	Enhanced	Enhance policy to encourage use of lockbox services that will convert cash to electronic transactions and establish the manner in which unidentified funds are researched and recorded timely, with appropriate exceptions for data privacy issues
High	65.01	Age and monitor customer account balances statewide	65.01.01		Provide policy to manage account receivable balances and to generate and transmit electronic agency and/or consolidated statement to customers from an enterprise accounts receivable management system. (See endnote 4)

Functional Requirements – Policy and Laws– Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
High	66.01	Assess interest, penalties, or fines as appropriate to motivate prompt payment and recover cost of collecting funds	66.01.01		Enhance policy and laws to authorize penalties and interest for non-payment consistently across agencies. ⁸
			66.01.03		(Enhance) Law and policy that grants authority for the state to consistently garnish wages, place liens against property and withhold both related and unrelated services for nonpayment to the extent it is practical and makes sense.
			66.01.04		Revisions to RCW 74.20A.270(9) and other laws to allow offsetting of past due receivable amounts from amounts currently payable to the same entity/individual to the extent it is practical and makes sense. ⁹
			66.01.06		Provide policy/law to require the ability to compare amounts payable to amounts past due from the same vendor/customer and determine whether to offset the payable by the overdue amount based on business rules and policies.
High	60.01	Have a comprehensive source for statewide customer identification.	60.01.01		Policy to require enterprise definition of customer identifiers and businesses and individual customer data. ¹⁰
High	69.01	Ensure timely and accurate recording of transactions to customer accounts	See 72.01		Enhance policy to encourage use of lockbox services that will convert cash to electronic transactions and establish the manner in which unidentified funds are researched and recorded timely, with appropriate exceptions for data privacy issues
High	65.02	Collect past due customer accounts	See 66.01		

Functional Requirements – Policy and Laws– Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	#	New, Enhancement, Current	Description
Medium	68.01	Accept all forms of payments (ACH, Credit Card, check, etc. either by internet portal, phone or in person.)	68.01.01		Consistent policy to allow acceptance of all forms of payments (ACH, Credit Card, Check, etc across all agencies and conversion of payments to electronic commerce. ¹¹
Medium	71.01	Recognize and classify revenue in the proper fiscal period and account codes	71.01.02		Provide policy/law to require the ability to record revenue into the proper fiscal period based on business rules
Medium	63.01	Provide an enterprise view into revenue and receivable information across lines of business and agencies	See 60.02		Policy that centralizes responsibility for customer identification management, cashiering, revenue distribution, accounts receivable, and past due account collection activities within revenue centers of expertise, managed by the state's large revenue agencies. (see endnote 4)

Functional Requirements – Organizational Components					
Business Objectives (sorted by numeric priority ranking)				DRAFT Requirements	
Priority	#	Description	#	New, Enhancement, Current	Description
High	4.01	Record financial events consistently, accurately and timely to ensure accountability and that the results of operations and financial position are fairly stated in compliance with professional and other regulatory standards.	4.01.02		Assign responsibility and oversight to state organization that will promote the recording of transactions at the earliest possible source of activity and simultaneously update related systems, as necessary.
High	1.01	Provide chart of accounts definitions and standards to enable agency and statewide data collection and financial analysis.	1.01.01	Enhancement	Assign expanded responsibility and oversight to OFM to enhance and maintain statewide chart of accounts policy as needed based on strategic evaluation of state and agency financial information objectives. (e.g. CAFR, POG, GMAP) ¹²
High	5.01	Ensure subsidiary accounts and agency line of business systems are in balance with the general ledger.	5.01.02	Law change	Assign responsibility and oversight to state organizations that will assess the ability to centralize cash and investments for the State of WA, i.e. non-treasury accounts and simultaneously post to general ledger and sub-ledgers (Encourage monitoring of special money in the accounting system rather than separate bank accounts)
Medium	24.01	Build a standardized framework for cost accounting.	24.01.07		Provide organizational support for training of staff in the new methodology and concepts
			24.01.08		Provide organizational support for education to management and other stakeholders (including Legislature) in new cost accounting methodology and concepts
High	45.01	Make timely, accurate, efficient, and cost effective payments of obligations to vendors	45.01.01		Governance structure empowered to oversee effective transformation of account payable accounting policy and practice across agencies.
Low	46.02	Report consolidated federal 1099's statewide.	46.02.02		Assign responsibility and oversight to state organization that will provide 1099 data for all applicable vendors.

Functional Requirements – Organizational Components					
Business Objectives (sorted by numeric priority ranking)				DRAFT Requirements	
Priority	#	Description	#	New, Enhancement, Current	Description
High	45.01	Make timely, accurate, efficient, and cost effective payments of obligations to vendors.	45.01.09		A shared service center for accounts payable management, maintenance of vendor identification records and management of risk based approval business rule for orders, receiving and accounts payable. (see endnote 4)
High	61.01	Protect the privacy of sensitive customer data	61.01.01	Current	Assign responsibility and oversight to state organization to provide: Policy that defines sensitive customer data and measures required to protect it
High	60.02	Manage billings, accounts receivable and expected revenues.	60.02.01		A governance structure to oversee effective transformation of revenue accounting policy and practice across agencies over time.
			60.02.13		Centralizes responsibility for customer identification management, cashiering, revenue distribution, accounts receivable, and past due account collection activities within revenue centers of expertise, managed by the state's large revenue agencies. (See endnote 4)
High	67.01	Distribute revenues to the appropriate jurisdictions, organizations, and funds according to governing statute and/or agency policy	67.01.03		Assign responsibility and oversight to state organization to establish an enterprise framework for revenue distribution processes across agencies. (see endnote 4)
High	65.01	Age and monitor customer account balances statewide	See 60.02		
High	60.01	Have a comprehensive source for statewide customer identification.	See 60.02		
High	65.02	Collect past due customer accounts	See 60.02		

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	10.01	Comply with legal provisions for the use of money	Y	10.01.01	Provide data for making managerial decisions on legal compliance.
			N	10.01.02	The ability to capture data about legislative provisos restricting the use of appropriated funds (if any) and displays it when purchase authorization is requested.
High	4.01	Record financial events consistently, accurately and timely to ensure accountability and that the results of operations and financial position are fairly stated in compliance with professional and other regulatory standards.	N	4.01.02	The ability to record transactions at the earliest possible source of activity and simultaneously update related systems, as necessary.
			N	4.01.03	The ability for properly authorized staff to record routine as well as unique financial events, using pre-established or unique coding. (requirements may differ from agency to agency)
			N	4.01.04	Real time posting of authorized, edited financial transactions to all ledgers and related systems.
			N	4.01.05	The ability to integrate financial information, cost accounting and allocation functionality, and financial reporting processes in a real-time environment
High	1.01	Provide chart of accounts definitions and standards to enable agency and statewide data collection and financial analysis.	Y	1.01.02	Standardize data elements at statewide and agency levels with agreed level of detail.
			N	1.01.03	Evaluate the state's financial information objectives (e.g. POG, GMAP) and standardize the budgetary and accounting data elements in the enterprise chart of accounts
			N	1.01.04	Flexibility in chart of accounts to accommodate budget activity, policy strategy, and priorities of government
			Y	1.01.05	Flexibility to meet agency financial information objectives at lower levels of detail within the enterprise chart of accounts structure

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	1.01.07	The ability to recast or translate historical data to new or future chart of accounts
			N	1.01.08	The ability to map the current chart of accounts to the new enterprise chart of accounts (crosswalk or conversion strategy.)
			N	1.01.09	Identification and communication of the statewide and agency financial and line of business systems that will be impacted by a change to the chart of accounts
			N	1.01.10	Modify agency and statewide financial information and line of business systems as necessary to accommodate the enterprise chart of accounts.
			Y	1.01.11	The ability to maintain agency chart of account elements at the agency level, to the extent the changes do not impact the enterprise chart of account elements or structure
High	6.01	Demonstrate compliance and fiscal accountability for cash and other assets, liabilities, reserves, equity, revenues and expenses by fund and account.	N	6.01.01	The ability to monitor and report detail elements for fund activity and balances across and within agencies.
High	7.01	Provide visibility and accountability in the use of public resources.	N	7.01.02	The ability for authorized agency staff to compare their business data to other statewide and agency business data based on defined security and business rules.
			N	7.01.03	Provide visibility for obligations for multiple years.
High	5.01	Ensure subsidiary accounts and agency line of business systems are in balance with the general ledger.	N	5.01.01	Simultaneous, real time posting of transactions, including cash, to statewide subsidiary ledgers, the enterprise general ledger and agency line of business systems that require the data.
			Y	5.01.02	Assess the ability to centralize cash and investments for the state of WA, i.e. special funds, local accounts

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			Y	5.01.03	The ability to maintain statewide account receivable subsidiary balances for accrued revenue and expected revenue and reconciling these balances to the general ledger where applicable.
			Y	5.01.04	The ability to electronically reconcile cash revenue transactions to Treasury deposits on a daily basis.
			Y	5.01.05	The ability to hold unidentified revenue in suspense sub ledgers within the appropriate fund
			Y	5.01.06	The ability to route suspense items to agencies for further research
High	14.01	Support governmental, proprietary and fiduciary operations.	N	14.01.01	Comprehensive financial accounting support for government, proprietary and fiduciary fund operations.
High	15.01	Provide flexibility to support current and evolving agency and statewide business needs and industry standards.	Y	15.01.01	The flexibility to expand the statewide and agency chart of accounts and reporting capabilities as state and agency business needs and industry standards change.
High	11.02	Monitor and control actual expenses against the legislative budget	Y	11.02.01	The ability to record appropriation limits for each agency within each fund.
			Y	11.02.02	The ability to record and control biennial and/or annual appropriations
			Y	11.02.03	The ability to display and report actual encumbrances and/or expenses against the legislative budget.
High	16.01	Support reporting of financial data across a multi-year time period for long-term analyses, as changes are made to the chart of accounts.	Y	16.01.01	The ability to report "recast" financial data across a minimum of 10 year time period to show the impact of proposed or actual chart of accounts changes.
			Y	16.01.02	The ability to report consistent financial data across longer periods of time where required (such as for some industrial insurance funds, capital projects, construction projects)

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	12.01	Monitor and control actual expenses against the original approved allotments and the agency adjusted allotments.	N	12.01.01	The ability to record both original and adjusted agency spending plans (e.g. monthly allotments) that are developed in the statewide Budget systems at the appropriate level of detail to effectively control agency expenditures
			N	12.01.02	The ability to control expenses against either the original or the current adjusted agency spending plan based on business rules
			N	12.01.03	The ability to display actual expenses against either the original or the current adjusted agency spending plan and monitor variances to date and in total
Medium	2.01	Give visibility to agency and statewide strategic and operational goals.	N	2.01.01	A chart of accounts that is sufficiently flexible to capture and report the data needed to meet both statewide and agency financial management , business objectives, even though each agency has a different mission, goals, management priorities, strategic plan and organizational framework.
Medium	19.01	Present financial results for operations at the statewide and agency levels.	N	19.01.01	The ability to present financial results for operations at agency and statewide levels.
			Y	19.01.02	The ability to allow for "simulated" period close at the agency level so agencies can prepare agency financial reports and open the new biennium with both real and nominal account balances, independently of the statewide close.
			N	19.01.03	The ability to automatically synchronize agency and statewide records following the final close of the statewide reporting period
			N	19.01.04	The ability to define reporting cycles at the statewide, agency and line of business levels
			N	19.01.05	The ability to generate financial statements in accordance with established reporting cycles or on an "as needed" basis.
Medium	17.01	Support financial data interchange with private and public business partners	Y	17.01.01	The ability to exchange financial data between the state and its private and public business partners.

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
Medium	21.01	Monitor and assess financial condition and activity at various agency and statewide levels.	Y	21.01.01	The ability to report budgeted and actual expenditure/expenses, and revenues, and to create balance sheet and income statement information as needed to meet agency and statewide financial information objectives and management needs
			N	21.01.02	Enterprise financial systems that integrate financial information, cost accounting and allocation functionality in a real time basis.
Medium	18.01	Comply with professional standards when reporting financial results.	N	18.01.01	The ability to produce all reports required to comply with the following standards: Government Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP).
			N	18.01.02	The ability to automatically track disclosure requirements as necessary for various funds and reports
			N	18.01.03	The ability to combine financial and text data for financial reporting
			Y	18.01.04	The ability to include graphs and charts in financial reports.
Medium	11.01	Monitor actual revenues received against estimated revenues.	N	11.01.01	The ability to compare actual revenues received against budgets and forecast revenues.
Medium	9.01	Capture data to assist in planning, resource allocation, budget analysis, statistical evaluation, cash control, management control, and operating and strategic decision-making at the agency and statewide levels.	N	9.01.01	The ability to capture and record financial and non-financial data needed to support financial management and cost allocation
			N	9.01.02	The ability to clearly distinguish between cash and accrued transactions in enterprise system (including allocated costs)
			N	9.01.03	The ability to view transaction activity and account balances on either a cash or an accrual basis
Medium	11.03	Adjust budget availability to reflect change in actual revenues received.	N	11.03.01	The ability to track changes to appropriations based on actual revenue received, if within legislative intent. (flexibility)
			Y	11.03.02	An efficient process for adjusting agency spending plans to reflect higher or lower revenues than expected

Functional Requirements – Business Process and Systems – General Ledger, Reporting					
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Priority	#	Description	Available in Current Systems (Y, N)	#	Description
Medium	8.01	Maintain fund and reserve balances according to business plan.	Y	8.01.02	The ability to record and report textual data in the general ledger that explains the business need and legal authority for fund reserve balances
Medium	22.01	Report on budget, actual and projections as needed in a variety of ways at agency and statewide levels.	Y	22.01.01	The ability to report budgeted, actual and projected financial information as needed to meet agency and statewide financial information objectives
			Y	22.01.02	The ability to customize report writing by various criteria such as: project, program, time, across biennium, etc.)
			N	22.01.03	The ability to drill down into source data from summary level financial reports
Low	20.01	Provide information to stakeholder groups regarding the availability of resources for particular purposes and the impact on expected outcomes.	N	20.01.01	The ability to link revenue sources to cost objectives and outcomes and report across agencies for GMAP, POG and other popular reports.
			Y	20.01.02	The ability to display information relative to revenue stream on government spending and services.
			Y	20.01.03	The ability to align reporting tools, systems, interfaces and data architecture to accommodate reporting on revenue, use of funds, objectives and outcomes.
			Y	20.01.04	The ability to include charts in financial reports.

Functional Requirements – Business Process and Systems – Cost Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
Medium	31.01	Compare the cost of providing services with the revenue generated for the same service.	N	31.01.01	The ability to relate the cost of providing services with the revenue generated for the same service.
			Y	31.01.02	The ability to prevent and/or reduce allocation to some funding sources depending on limitations in budget or revenue availability, while still reporting the full cost of the programs/service (e.g. ability to treat sufficiency of funding as a separate issue than full cost of programs/services)
Medium	32.01	Establish prices or fees for activities, programs, products and services based on costs, legal constraints and/or other factors as appropriate.	N	32.01.01	The ability to calculate, document and report the full cost of providing activities, products, programs, and services (as an input to price-setting decisions) as appropriate.
Medium	30.01	Determine the full cost of government activities, products and services across agencies according to the standard framework for cost accounting.	N	30.01.01	The ability to use financial and statistical data to calculate, document and report the full cost of cost objectives such as activities, programs, products and services, and the unit cost of results achieved according to the state's standard state cost accounting methodologies.
			N	30.01.02	The ability to use the Activity Based Costing principles.
			N	30.01.03	The ability to collect and distribute employee time and salary and benefit costs by activities, programs, products and services. ¹³
			N	30.01.04	The ability to collect statistical data from employees as part of the timesheet and labor distribution processes.
			N	30.01.05	The ability to allocate employee leave costs as they are accrued rather than as leave is taken
Medium	26.01	Report either direct, indirect or total costs in a variety of ways consistent with the chart of accounts.	N	26.01.01	The ability to report expenditures for a cost objective either including or not including allocated costs. ¹⁴
Medium	24.01	Build a standardized framework for cost accounting.	N	24.01.01	Provide a standard statewide approach to determining the full costs of government programs, products and/or services.

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Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	24.01.02	A cost activity (casework, training, bill paying, etc) structure that provides agency flexibility for recording detail that rolls up to a statewide structure.
			N	24.01.03	A statewide outcome structure that provides agency flexibility for recording detail that rolls up to statewide structures like the current POG
			N	24.01.04	A methodology to relate cost of activities to their related statewide outcomes as each changes over time.
			N	24.01.05	Statewide definitions of cost accounting terms and allocation statistics.
			N	24.01.06	Statewide common data for the financial and statistical data required to support cost allocation
			N	24.01.07	Training for staff in the new methodology and concepts
			N	24.01.08	Education for management and other stakeholders (including Legislature) for concepts
Low	24.02	Build a standardized framework for cost allocation that maximizes external funding.	N	24.02.01	The ability to maximize direct and indirect allocations to each funding source to the extent allowed by applicable rules, regulations and state policy.
			Y	24.02.02	The ability to demonstrate compliance with federal cost allocation regulations.
Low	27.01	Compare costs per unit across agencies for common activities and functions.	N	27.01.01	The ability to compare costs per unit across agencies for similar activities and functions.
Low	28.01	Provide information that supports performance measurement and decision making.	N	28.01.01	The ability to report relevant and reliable cost information on a timely (preferably real-time) basis.

Functional Requirements – Business Process and Systems – Purchase order-to pay					
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Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	42.01	Verify authorization and acceptance of goods and services prior to payment	N	42.01.02	The ability to automatically edit electronically submitted vendor invoices against business rules and state sales tax tables.
			N	42.01.03	The ability to automatically match vendor invoices to related order documents
			N	42.01.04	The ability to automatically notify the vendor of problems with the invoice such as failure to include all required data, failure to include tax (for vendors with nexus in Washington), incorrect tax rates, mathematical errors, inclusion of items not ordered, exceeding order tolerance business rules, etc.
			Y	42.01.05	The ability to track the date an invoice is received as the date a properly completed invoice is received from vendor (to determine compliance with state timely payment policy)
High	45.01	Make timely, accurate, efficient, and cost effective payments of obligations to vendors	N	45.01.02	Ability to process checks/warrants in enterprise accounts payable system-
			N	45.01.03	Enterprise system(s) that integrate vendor information management, ordering, receiving, and accounts payable management business processes.
			Y	45.01.04	The ability to validate the accuracy of sales/excise tax on each invoice according to business rules and state tax tables.
			Y	45.01.05	The ability to automatically add use tax to taxable invoices from vendors without nexus in Washington State and remit the amount to the Department of Revenue with all required information.
			N	45.01.06	The ability to deduct and track backup withholding as required and automatically voucher withheld amounts as appropriate.
			Y	45.01.07	Ability to efficiently adjust coding after the fact
				45.01.08	The ability for "warrant wrap" to support early cash cutoff (required by DSHS) (with simultaneous, real-time posting of financial and cash transactions, this should not be an issue)

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Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	45.01.09	A shared service center for accounts payable management, maintenance of vendor identification records and management of risk based approval business rule for orders, receiving and accounts payable. (See endnote 4)
			N	45.01.10	Agency agreement with shared service organization
			N	45.01.11	Participate in centralized accounts payable activities as they become available.
High	33.01	Maintain current and accurate information about the state's vendors and providers	N	33.01.02	Define what vendor identification data will be common statewide and how it will be centrally maintained and accessed (e.g., OMWBE qualified)
			Y	33.01.03	The ability to maintain vendor information that supports targeted public policy (e.g. OMWBE, etc.)
			N	33.01.04	Integrate vendor data with agency line of business systems
			N	33.01.05	The ability to relate vendor and customer records for the same entities.
			N	33.01.06	The ability to map current vendor IDs to statewide vendor IDs.(This is really "A plan to migrate to the new statewide vendor Ids")
			N	33.01.07	Agency systems updated to include or reference the statewide vendor IDs
			N	33.01.09	Processes and tools to manage vendor IDs
			Y	33.01.10	Vendor identification
High	40.01	Track encumbrances, accruals and expenditures statewide to properly state obligations, liabilities and expenditures.	N	40.01.01	The ability to automatically record an encumbrance against budgeted funds when an order is approved in accordance with state and agency accounting policies.
			N	40.01.02	The ability to automatically record an expense and a liability and liquidate the appropriate portion of an encumbrance when an order is received in whole or in part.

Functional Requirements – Business Process and Systems – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	40.01.03	The ability to clear the appropriate portion of a liability when an order is paid in whole or in part.
			N	40.01.04	Full accrual accounting as automated as possible so encumbrance, accrued and cash expense are always up-to-date
High	38.01	Capture timely, accurate, and complete information on what the state buys, from whom and what contract was used, if any	N	38.01.01	Policy that requires orders to be processed through the enterprise system.
			N	38.01.02	The ability to manage and electronically record order data such as vendor, items, quantities, commodities, prices, descriptions, shipping and billing instructions, the contract number if any, the legal purchase authority reference, and additional details as needed.
			N	38.01.03	The ability to select the vendor from the enterprise vendor list or to request a new supplier as necessary.
			N	38.01.04	The ability to set up and maintain open orders for regular recurring deliveries as needed
			N	38.01.05	The ability to easily consolidate and report purchases charged to purchase cards with orders placed through the enterprise system for a complete picture of what was purchased from whom on which contracts, by purchaser, by supplier and by account code.
			N	38.01.06	The ability to fax and/or electronically transmit order data to vendors.
High	37.01	Establish the appropriate level of authentication/trust needed for vendors to submit invoices and register to accept payments electronically.	Some	37.01.01	The ability to conduct electronic commerce between the state and its payees, in accordance with Washington State law and policy
			N	37.01.02	Real time integration between the vendor self-service portal and the enterprise information system

Functional Requirements – Business Process and Systems – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	44.01	Manage payment dates and terms to optimize cash flow	N	44.01.01	The ability to automatically schedule payments based on the vendors' payment terms and state policy, as soon as payment details are known and authorized
			N	44.01.02	The ability to prioritize payment approval processes to assure payment discounts are earned.
High	40.02	Maintain encumbrance and accounts payable sub-ledgers statewide	Y	40.02.01	The ability to track and report encumbrances and payables as needed and across agencies
High	41.01	Electronically document goods and services received. Use risk based business rules for documentation in accordance with standardized policies and procedures.	N	41.01.01	The ability to require or not require evidence of acceptance of goods and services according to risk-based business rules and tolerances (e.g. order dollar amount, level of trust for the vendor, extent to which the purchase is routine, etc.)
			N	41.01.02	Ability to accept and track electronic notification of receipt and or electronic progress report documents from trusted vendors (e.g. electronic shipping notices and word documents).
			N	41.01.03	The ability to record full or partial receipt of an order electronically
			N	41.01.04	The ability to record receipt at either central locations and/or the order worksite
			N	41.01.05	The ability to record and track the reason for non-acceptance
			N	41.01.06	The ability to cancel an order
Medium	43.01	Provide timely and accurate information to stakeholders about payments, as needed and required	N	43.01.01	The ability to interface real time data about vendor transactions to agency line of business systems that require the data, in accordance with enterprise integration architecture and financial transaction standards

Functional Requirements – Business Process and Systems – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	43.01.02	The ability to capture data about and centrally monitor order-to-pay performance metrics such as: Number of vendor inquiries by type (online, telephone, written); percent of vendors reporting excellent or very good service; percent of payments to vendors with a UBI and validated TIN; percent of on time acceptable delivery; percent of invoices received in electronic format; working capital turnover rates; number of invoices processed per accounts payable FTE; percent of available discounts earned; percent of fully compliant invoices on first receipt; percent of payments made in electronic format; percent of invoices paid timely according to state policy
Medium	39.01	Verify budget availability when purchases are made.	N	39.01.01	The ability to code orders to the purchaser's default account code(s) and for the purchaser or approver to update the coding to other valid account code(s) in accordance with business rules
			N	39.01.02	The ability to update account code(s) for some for all items as appropriate.
			N	39.01.03	The ability to verify adequacy of budgeted funds before the order is processed
			N	39.01.04	The ability to override the budget edit with appropriate authority
Medium	35.02	Remit payments electronically	Y	35.02.02	The ability to remit payments and remittance data electronically
Medium	35.01	Receive invoices and progress billings electronically	N	35.01.02	The ability to electronically receive full and partial invoices against orders and contracts
			N	35.01.03	The ability for vendors to attach documents to their invoices
Low	34.01	Register businesses who wish to do business with Washington State in person or through a business portal.	Y	34.01.01	An enterprise vendor portal that can be used by vendors (or by authorized staff on behalf of the vendor) to register to do business with Washington and to update their registration data. (One Stop Business Portal is enhancing system to accommodate more of this functionality.)

Functional Requirements – Business Process and Systems – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	34.01.02	The ability to electronically validate vendor's name and tax identification number with the IRS during registration process.
			N	34.01.03	The ability for vendors to electronically certify their W-9 or W-8 tax status.
			N	34.01.04	The ability for foreign vendors to register electronically and provide required tax information in compliance with IRS rules.
			N	34.01.05	The ability to automatically collect and track backup withholding status for vendors as required by IRS rules.
			N	34.01.06	The ability to relate the vendor to the list of businesses registered with the Department of Revenue to determine whether they are a legitimate business and whether they have nexus in Washington State. (Note: not all businesses are required to registered with DOR)
			N	34.01.07	The ability for the vendor to securely provide and update vendor bank account data during the registration process.
			N	34.01.08	The ability to collect and maintain other common vendor identification data through the vendor portal with reasonable assurance the updates are valid.
			Y	34.01.09	The ability for the vendor portal functionality to be expanded in the future as envisioned in the 2006 <i>Roadmap</i> Procure-to-Pay value proposition report (e.g. registration for bid notification, links to state licensing and minority/women certification systems, collection of vendor performance information. (WEBS has much of this functionality.)
			N	34.01.10	The ability for the vendor to provide and the system to track payment, order contact and location data.
			N	34.01.11	The ability to automatically and routinely survey level of vendor satisfaction
Low	46.02	Report consolidated federal 1099's statewide.	N	46.02.02	The ability to provide 1099 data for all applicable vendors.

Functional Requirements – Business Process and Systems – Purchase order-to pay					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
Low	46.01	Enable consolidated vendor reports on basic vendor file information, purchase orders and accounts payable information.	N	46.01.01	Collect data to allow consolidated vendor reporting.

Functional Requirements – Business Process and Systems – Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	61.01	Protect the privacy of sensitive customer data	Y	61.01.01	Define sensitive customer data and measures required to protect it.
			N	61.01.02	The ability to protect sensitive customer data in the event any portion of the process is outsourced.
High	60.02	Manage billings, accounts receivable and expected revenues.	Y	60.02.02	The ability to generate invoices for agency products and services as necessary using a finite number of standard invoice formats through an enterprise billing system (when agency billing systems are not available)
			N	60.02.03	The option to consolidate invoices across line of businesses and agencies, with sufficient detail to ensure revenues are recorded to the correct coding
			N	60.02.04	The ability to generate receivables and invoices based on expenditure activity, for certain lines of business.
			N	60.02.05	The ability to apply partial receipts or receipts on customer account where the customer does not specify what the payment is for
			N	60.02.06	The ability to integrate customer information, acceptance of electronic payments, and accounts receivable/ cashiering management business processes and data.
			Y	60.02.07	The ability for authorized staff to record debit and credit memos against customer accounts as needed
			Y	60.02.08	The ability to import accounts receivable and expected/projected revenue items from agency line of business billing systems as needed
			N	60.02.09	The ability to record expected/projected revenue items as a memorandum entry rather than as a true account receivable and delete them according to business rules
			N	60.02.10	The ability to match receipts against accounts receivable and expected/projected revenue items

Functional Requirements – Business Process and Systems – Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			N	60.02.11	The ability for a payer to pay on behalf of another customer, individual or entity and for the system to track both the payer and the beneficiary
			N	60.02.12	The ability to update real and memo general ledger balances and customer sub-ledger balances on a real-time basis when payments are made through the enterprise payment portal
			N	60.02.14	Use center of excellence for processing cash receipts, collection of past due debts, and maintaining statewide customer identification files. (see endnote 4)
High	67.01	Distribute revenues to the appropriate jurisdictions, organizations, and funds according to governing statute and/or agency policy	N	67.01.01	The ability to automatically distribute revenues to appropriate funds, sources and jurisdictions based on business rules, where agency systems are not available to perform this function.
			N	67.01.02	The ability to import data about revenue distributions made by agency systems, if any, into the enterprise system for consolidated reporting.
			N	67.01.04	The ability to automatically distribute revenues to appropriate funds, sources and jurisdictions based on complex business rules, in compliance with state statutes. (see endnote 4)
			N	67.01.05	The ability to schedule disbursement of revenue distributions in accordance with statute and/or inter-jurisdictional agreements, as necessary.
High	72.01	Safeguard and properly record all monies received	Y	72.01.01	The ability to deposit receipts in a timely fashion
			Y	72.01.03	Contracts with lockbox processor to receive, digitize, and image payments and turnaround documents, deposit cash into state accounts, create suspense accounts for remittances without turnaround documents, and transmit remittance information to enterprise information system.
			N	72.01.04	The ability to receive and process data, transactions and deposits from the lock-box processor.

Functional Requirements – Business Process and Systems – Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			Y	72.01.05	The ability to receive and process data, transactions and deposits from agency point of sale systems.
High	65.01	Age and monitor customer account balances statewide	N	65.01.01	The ability to generate and transmit electronic agency or consolidated statements to customers
			N	65.01.02	The ability to generate aging reports as needed
High	66.01	Assess interest, penalties, or fines as appropriate to motivate prompt payment and recover cost of collecting funds	N	66.01.05	The ability to charge interest and penalties to customer accounts according to standard policy and practices (agency extensions would be responsible for calculating unique penalties)
			N	66.01.06	The ability to compare amounts payable to amounts past due from the same vendor/customer and determine whether to offset the payable by the overdue amount based on business rules and policies.
			N	66.01.07	The ability to automatically post properly notated credit memos against the offset accounts receivable transactions when payable transactions are cancelled to settle past due accounts.
High	60.01	Have a comprehensive source for statewide customer identification.	N	60.01.01	Policy that defines customers and how to identify customers through statewide customer identifiers (IDs) (including foreign customers if they have special information needs)
			N	60.01.03	Define customer identification data common statewide and how it will be centrally maintained and accessed.
			N	60.01.04	The ability to relate customer and vendor records for the same entities.
			N	60.01.05	The ability to map current agency and line of business customer IDs to statewide customer IDs and vice versa.
			N	60.01.06	Modify agency systems as necessary to accommodate statewide customer IDs

Functional Requirements – Business Process and Systems – Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
High	69.01	Ensure timely and accurate recording of transactions to customer accounts	N	69.01.01	The ability to interface real time data about customer transactions to agency line of business systems that require the data, in accordance with enterprise integration architecture and financial transaction standards
			N	69.01.02	Ability to provide visibility to the customer into their transactions with the state
High	65.02	Collect past due customer accounts	N	65.02.01	Establish guidelines for prompt collection of past due accounts in accordance with best practice collections standards
			N	65.02.02	The ability to report exception conditions and prioritize collection workload based on business rules
Medium	68.01	Accept all forms of payments (ACH, Credit Card, check, etc. either by internet portal, phone or in person.)	N	68.01.01	The ability to use ecommerce between the state and its customer community
			N	68.01.03	Standardize the level of remittance data to enable electronic commerce
			N	68.01.04	The ability to accept electronic payments via an enterprise payment portal
Medium	71.01	Recognize and classify revenue in the proper fiscal period and account codes	Y	71.01.01	The ability to recognize accounting transactions and classify accounting entries
			Y	71.01.02	The ability to record revenue into the proper fiscal period based on business rules
Medium	62.01	Minimize the number of days from sale/service to receipt of cash.	Y	62.01.01	The ability to easily generate recurring invoices for agency products and services
			Y	62.01.02	The ability to manage account coding, transaction account decisions, invoice format and level of billing detail defaults by line of business
			Y	62.01.03	The ability to deliver invoices and statements to customers electronically.

Functional Requirements – Business Process and Systems – Revenue Accounting					
Business Objectives (sorted by numeric priority ranking)			DRAFT Requirements		
Priority	#	Description	Available in Current Systems (Y, N)	#	Description
			Y	62.01.04	The ability for customers to submit payments electronically through an enterprise payment portal linked to agency line of business systems and the statewide financial system
			N	62.01.05	The ability to expand capability to convert checks to ecommerce by leveraging current ecommerce contracts. NACHA rules, etc have prevented this in the past)
Medium	63.01	Provide an enterprise view into revenue and receivable information across lines of business and agencies	N	63.01.01	The ability to report who owes the state how much for what products and services across agencies and lines of business on an ad hoc basis, within security and privacy constraints
			N	63.01.02	The ability to capture data about and centrally monitor revenue accounting performance metrics. ¹⁵
Medium	70.01	Provide timely and accurate notification of receipts to program managers and stakeholders	N	70.01.01	The ability to interface real time data about customer transactions to agency line of business systems that require the data, in accordance with enterprise integration architecture and financial transaction standards

¹ 7.01.01 - Policy about public disclosure vs. confidentiality, standardization of routine documents and information to be provided to the public, how often and where will information be readily available?

² 7.01.01 - Make agency multi-year obligations more visible to legislator during budgeting process. (informed decisions)

³ 24.02.01 - How does this allow for current conflicts between state and federal policy? Where is the divide between allocating the costs for cost accounting purposes and billing for the costs for reimbursement purposes?

⁴ The requirements focus group had serious reservations about the viability of the following three proposals for Washington State. **45.01.09** – Accounts payable shared services: the group recommended that accounts payable continue to be managed by agencies except where agency resources are not available to perform this function (e.g. Small Agency Client Services clients). **60.02.13** - Revenue centers of excellence: the group recommended deferring this proposal for several years, or possibly defining where and to what extent it might be effective to pilot the concept. They also referenced the 2003 Survey of the Statewide Collection of Past Due Amounts, which recommended that 1) DOR, L&I, ESD, and DSHS continue to collect past due amounts within their current process and structure. These recoverable amounts include: taxes, industrial insurance, unemployment insurance, child support enforcement, and vendor and client overpayments; and 2) Those agencies whose primary mission is not the collection of past due amounts, may benefit from creating, and/or expanding, partnerships with those larger

agencies having specialized resources for the collection of past due amounts. **67.01.03** – Enterprise revenue distribution: The group recommended revenue distributions continue to be managed by agencies except where agency systems are not available to perform this function, and that data from agency revenue distributions be imported to the enterprise system for consolidated reporting. The concerns by the working team include:

1. Difficult to get the right information – agency accounting staff have unique knowledge of agency programs and the intended accounting treatment of expenditures and revenues
2. Collecting revenue is part of core business of agencies and allows face-time with their customers
3. Timing:
 - a) if we wait the efficiencies may be gained naturally over time as other improvements are made,
 - b) if other policy, process, system, organization changes are made shared services may become irrelevant
 - c) this is hard work and may not be the low hanging fruit
4. This may naturally happen from other processes changing first
5. May not need once other changes are in place (policy, process, system, organization)
6. Too soon
7. Not enough information about how shared services would be implemented to make an educated evaluation of its costs, benefits and chances of success
8. Need analysis of agency impact – Agencies don't want to get stuck with the hard work and have Shared Services group do the easy work – Pushing the button to make the payment is easy and because of agency complexity, this may be all that a Shared Service agency would be capable of doing.
9. May still have shadow systems – if part of the benefit estimates assumes all will go away this would not be reasonable
10. Union issues with shared services – any time positions are moved, redefined or eliminated
11. Differences between business clients and taxpayers – Shared Service Center would need the ability to treat each type of customer in a unique manner (implies Cash Receipts Management integrated with agency customer details)
12. Integration to line of business systems – there would need to be extensive integration with dozens of line of business systems
13. What are ground rules? (What is implementation plan for Shared Service?)

⁵ 33.01.01 – DSHS currently plans to use special AFRS statewide vendor numbers and do their own 1099 reporting for Provider -1 payments.

⁶ 33.01.01 - How would the enterprise AP process and the manual and agency specific procurement process be integrated effectively?

⁷ 46.02.01 - This is a major change and a huge responsibility for the organization that would manage enterprise 1099s. Provider -1 plans to use a special AFRS statewide vendor number and do their own 1099 reporting. This is a major change and a huge responsibility for the organization that would manage this.

⁸ 66.01.01 - DSHS is currently working to standardize its agency collections practices.

⁹ 66.01.04 - Offsetting accounts payable with accounts receivable would raise legal issues (e.g. confidentiality and due process)

¹⁰ 60.01.01 –

a.) The requirements group agreed it would not be useful to identify all customers, especially point of sale customers. A law that currently prohibits sale of a fishing license to individuals with outstanding child support could impact policy in this area. The group also supported collection and tracking of data about customer credit worthiness, for the types of customers the state extends credit to.

b.) Some members of the requirements group saw this as a long range strategy that would take years to implement given the diversity of current systems and practices in this area. There was significant concern about the ability to protect sensitive data about the customer and the state's transactions with the customer (e.g. status as an inmate, DUI restitution, etc.)

c.) There may be a need to hold public meetings to assure public awareness and support for new policies on what customer information is maintained where.

d.) Offsetting accounts payable with accounts receivable would raise legal issues (e.g. confidentiality and due process)

¹¹ 68.01.01 - The state might require the ability to accept and convert foreign currency. This is handled manually now

¹² 1.01.01 - Reference RCW43.88 – how does this requirement change the RCW?

¹³ 30.01.03 - Since many allocation formulas are based on staff time, there need to be better ways to track people's time including leveraging any existing data such as feeds from line-of-business systems.

¹⁴ 6.01.01 - There must be a means to distinguish direct entered costs from allocated costs. Also, in the allocated cost view the allocated costs must not be counted twice (one original and one allocated).

¹⁵ 70.01.01 - Metrics identified during business modeling: Average time from sale/service to receipt of cash (for targeted lines of business); percent of customers reporting excellent service; percent of invoices sent electronically to customers; percent of electronic receipts; working capital turnover rates; debtors by aged group as a percent of the total debt; and debt written off as a percent of total debt.